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No.

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

October Term, 1986

ORECK CORPORATION,

Petitioner,

versus

U.S. FLOOR SYSTEMS, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI

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Questions Presented for Review

1. Whether the Fifth Circuit failed to apply the appropriate standard of review to a jury verdict, when it failed to draw all inferences from the facts in favor of appellee, failed to consider the jury's specific finding of willfulness, found facts not supported by the record, and failed to consider all evidence presented to the jury.

2. Whether, by holding that an alleged infringer's use of a federally registered trademark in conjunction with the infringer's housemark, did not constitute infringement, the Fifth Circuit rendered a decision contrary to 15 U.S.C. §1115(b).

3. Whether, by holding that an alleged infringer's limited use of a registered trademark was relevant to the issue of infringement, the Fifth Circuit rendered a decision in conflict with 15 U.S.C. §1114(1).

4. Whether, by holding that an alleged infringer's use of its housemark in connection with the registered trademark of another alleviates confusion, the Fifth Circuit rendered a decision in conflict with decisions of other federal courts of appeal and with decisions of this Court.

5. Whether, by failing to consider the evidence as a whole and by reweighing the evidence, the Fifth Circuit rendered a decision in conflict with decisions of other federal courts of appeal.

TABLE OF CONTENTS

	PAGE
Questions Presented for Review	1
Table of Authorities	VI
Opinions Below	1
Jurisdiction of the Court	2
Persons Against Whom Relief Is Sought	2
Statement of the Case	3
1. Course Of Proceedings And Disposition Of The Case	2
2. Facts	3
Basis for Federal Jurisdiction in the United States District Court	4
REASONS FOR GRANTING THE WRIT	4
I The Court, In Failing To Apply The Appropriate Standard Of Appellate Review, Rendered A Decision In Conflict With The Seventh Amendment To The Constitution And Decisions Of This Court	4
A. THE STANDARD OF APPELLATE REVIEW	4
B. FAILURE OF THE FIFTH CIRCUIT TO APPLY THE APPROPRIATE STANDARD OF REVIEW	6
1. The Court Drew All Inferences From The Evidence In Favor Of Appellant	7

PAGE

a. Evidence As To Floor's Intention To Trade Upon Oreck's Trademark Rights 7

b. Evidence That Oreck And Floor Had Three Distributors In Common 9

c. Evidence From The File Of The Prosecution Of Oreck's XL Trademark Registration 9

2. The Court Ignored The Jury's Specific Finding Of Willfulness 10

3. The Court Found Facts Unsupported By The Record, Not Urged By Any Party, And Not Correct 12

4. The Court Failed To Consider All The Evidence Presented To The Jury 14

a. Evidence Of Use Of The Mark On The Goods 14

b. Evidence Of Oreck's Continuous, Extensive and Exclusive Use Of The Trademark XL Since 1970 And Oreck's Extensive Advertising 15

II The Fifth Circuit's Decision Is Contrary to 15 U.S.C. §1115(b) 15

III The "Limited" Nature Of Floor's Use Of The Mark Is Not Relevent To The Issue Of Likelihood Of Confusion And In So Holding The Fifth Circuit Rendered A Decision In Conflict With 15 U.S.C. §1114(1) 17

PAGE

IV In Holding That Floor's Use Of Its Housemark With The Mark XL Alleviates Confusion, The Fifth Circuit Rendered A Decision And Opinion In Conflict With Decisions Of Other Federal Courts Of Appeal And With Decisions Of This Court 18

V By Failing To Consider The Evidence As A Whole And By Giving Particular Weight To Three Factors In Concluding That There Was No Infringement, The Court Rendered A Decision In Conflict With Decisions Of Other Federal Courts of Appeal 20

Conclusion 22

Appendices 1a

TABLE OF AUTHORITIES

PAGE

Cases:

AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979) 22

Amstar Corp., v. Domino's Pizza, Inc. 615 F.2d 252 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980) 7, 11

Armco, Inc. v. Armco Burglar Alarm Co., Inc., 693 F.2d 1155 (5th Cir. 1982) 20

Armstrong Cork Co. v. World Carpets, Inc., 597 F.2d 496 (5th Cir. 1979) 7

A.T. Cross Co. v. Jonathan Bradley Pens, Inc., 470 F.2d 689 (2d Cir. 1972) 19

Basham v. Pennsylvania Railroad Co., 372 U.S. 699 (1963) 5

Conan Properties, Inc. v. Conans Pizza, Inc., 752 F.2d 145 (5th Cir. 1985) 20

Dennison Manufacturing Co. v. Panduit Corp., —— U.S. ——, 106 S. Ct. 1578 (1986) 5, 6

Exxon Corp. v. Texas Motor Exchange, 628 F.2d 500 (5th Cir. 1980) 10, 11, 13

Fuji Photo Film v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591 (5th Cir. 1985) 8

Gallick v. Baltimore & Ohio Railroad Co., 372 U.S. 108 (1963) 5, 8, 10

Jacobs v. Beecham, 221 U.S. 263 (1911) 19

Lavender v. Kurn, 327 U.S. 645 (1946) 5

Menendez v. Holt, 128 U.S. 514 (1888) 19

Mortensen v. United States, 322 U.S. 369 (1944) 5

PAGE

Polo Fashions, Inc. v. Clothes Encounters, —— F. Supp. ——, 227 U.S.P.Q. 327 (N.D. Ill. 1985) 17

Sentilles v. Inter-Caribbean Shipping Corp., 361 U.S. 107 (1959) 5, 8, 10
Scarves by Vera, Inc. v. Todo Imports, Ltd., 544 F.2d 1167 (2d Cir. 1976) 22
Security Center, Ltd. v. First Nat'l Sec. Centers, 750 F.2d 1295 (5th Cir. 1985) 7
Sno-Wizard Mfg., Inc. v. Eiseman Products, Co., 791 F.2d 423 (5th Cir. 1986) 11
Sun Banks of Fla. v. Sun Fed. Sav. & Loan, 651 F.2d 311 (5th Cir. 1981) 7

T&T Mfg. Co. v. A.T. Cross, Co., 449 F.Supp. 813 (D.R.I. 1978) 19

W.E. Bassett Co. v. Revlon, Inc., 435 F.2d 656 (2d Cir. 1970) 18, 22

Vision Center v. Opticks, Inc., 596 F.2d 111 (5th Cir. 1979) 7

Constitution of the United States:

Seventh Amendment to the Constitution 4

Statutes:

28 U.S.C. §1651(a) 2
15 U.S.C. §1121 4
15 U.S.C. §1125(a) 4
28 U.S.C. §1332 4
28 U.S.C. §1338(a) 4
15 U.S.C. §1115(b) 15, 16, 17
15 U.S.C. §1114(1) 17

Secondary Authorities:

McCarthy on Trademarks 21

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ORECK CORPORATION,

Plaintiff-Appellee
Cross-Appellant,

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U.S. FLOOR SYSTEMS, INC.,

Defendant-Appellant
Cross-Appellee.

PETITION FOR WRIT OF CERTIORARI

Opinions Below

The decision and opinion of the Court of Appeals for the Fifth Circuit, dated October 24, 1986, reprinted in Appendix A, have been reported as *Oreck Corp.* v. *U.S. Floor Systems, Inc.*, 803 F.2d 166 (5th Cir. 1986). The denial of a petition for rehearing and a suggestion for rehearing en banc, dated December 10, 1986, is reprinted in Appendix B.

Jurisdiction of the Court

This petition is submitted pursuant to 28 U.S.C. §1651 (a). We request this Court to order that the decisions of the Court of Appeals for the Fifth Circuit, dated October 24, 1986 and December 10, 1986, be vacated because of the failure of that Court to apply the appropriate appellate standard of review to a jury verdict. We further ask that the case be remanded to the Fifth Circuit to reconsider its decision in light of the appropriate appellate standard.

Persons Against Whom Relief Is Sought

Hon. Will Garwood and Hon. Robert M. Hill, Fifth Circuit Judges, and Hon. Hubert L. Will, Senior District Judge of the Northern District of Illinois, sitting by designation with the Fifth Circuit.

Statement of the Case

1. Course Of Proceedings And Disposition Of The Case

Oreck Corporation ("Oreck") sued U.S. Floor Systems, Inc. ("Floor") in the United States District Court for the Eastern District of Louisiana for infringement of Oreck's incontestable, federally registered, trademarks "XL" and "Oreck XL" as used on floor care equipment. The jury found that Floor knowingly and willfully infringed Oreck's trademark rights by using the trademark "XL" on floor care equipment and awarded Oreck $20,000 in profits. The District Court denied Floor's motion for judgment NOV.

Floor appealed to the Court of Appeals for the Fifth Circuit ("the Fifth Circuit") on the grounds that the jury's verdict was not supported by the evidence and that Floor was not subject to the *in personam* jurisdiction of the Louisiana Courts. Oreck cross-appealed from the District Court's denial of attorneys' fees, increased damages, and failure to enjoin Floor. Oreck also cross-appealed from the District Court's refusal to instruct the jury on a damages issue—i.e., that overhead expenses are not deductible from gross profits when sales of infringing goods constitute only a small proportion of total sales.

The Fifth Circuit Panel consisted of Hon. Will Garwood, Hon. Robert M. Hill, Circuit Judges, and Hon. Hubert L. Will, Senior District Judge from the Northern District of Illinois, sitting by designation. The Court's Opinion (Appendix A) dated October 24, 1986 (hereinafter "Opinion") was authored by Senior District Judge Will.

In its Opinion, the Court concluded that the District Court properly denied Floor's motion to dismiss for lack of personal jurisdiction, but reversed the jury verdict on the factual issue of infringement.

2. Facts

Oreck asserted the incontestable, federally registered, trademarks "XL" and "Oreck XL" as used on floor care equipment against Floor's use of the mark XL on floor care equipment. Floor used its housemark STEAMEX on substantially all of its floor care equipment, and used other marks, like XL, OMNI and BONNET BRITE on individual products.

Floor's use of the XL mark was limited—it was used for a relatively short period of time (1.5 years) on only part of Floor's product line and on only 158 floor care units. Oreck offered no evidence of actual confusion at trial.

The jury found that Floor infringed and that it did so willfully—i.e., Floor used the XL mark "with intent to deceive or confuse or mislead in knowing disregard of . . . the property rights of the plaintiff and its trademark" [Jury instruction on willfulness Tr. II, 141, l. 21-142, l. 21]*

Basis for Federal Jurisdiction in the United States District Court

Jurisdiction in the United States District Court was founded upon 15 U.S.C. §1121 and §1125(a) and 28 U.S.C. §1332 and §1338(a).

REASONS FOR GRANTING THE WRIT

I

The Court, In Failing To Apply The Appropriate Standard Of Appellate Review, Rendered A Decision In Conflict With The Seventh Amendment To The Constitution And Decisions Of This Court.

A. THE STANDARD OF APPELLATE REVIEW

The Seventh Amendment to the Constitution provides that no fact tried by a jury shall be re-examined by any Court of the United States except according to the rules of common law.

* "Tr. ———, ———, l. ———" refers to the volume (I or II), page, and line number of the transcript of the trial testimony.

This Court has held that an appellate court may not reweigh the evidence or set aside a jury's verdict merely because the appellate judges could have drawn different inferences or conclusions from the evidence, or feel that other results might be more reasonable. *Gallick* v. *Baltimore & Ohio Railroad Co.*, 372 U.S. 108 (1963); *Sentilles* v. *Inter-Caribbean Shipping Corp.*, 361 U.S. 107 (1959). The most an appellate court may do is to determine whether there is *any* competent and substantial evidence in the record which fairly tends to support the verdict. *Mortensen* v. *United States*, 322 U.S. 369 (1944). An appellate court cannot overturn a jury's verdict, even though contradictory evidence was presented, if there is an evidentiary basis for the verdict. *Basham* v. *Pennsylvaina Railroad Co.*, 372 U.S. 699 (1963); *Lavender* v. *Kurn*, 327 U.S. 645 (1946).

In *Lavender, supra* at 653, this Court stated:

> "Only when there is a complete absence of probative facts to support the conclusion reached does a reversible error appear. But where, as here, there is evidentiary basis for the jury's verdict, the jury is free to discard or disbelieve whatever facts are inconsistent with its conclusions. And the appellate court's function is exhausted when the evidentiary basis becomes apparent, it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable."

In *Dennison Manufacturing Co.* v. *Panduit Corp.*, —— U.S. ——, 106 S. Ct. 1578 (1986), this Court, in granting a petition for certiorari on the ground that the Court of Appeals for the Federal Circuit failed to apply the correct appellate standard of review in a non-jury case, stated:

> "The Federal Circuit, however, did not mention Rule 52(a), did not explicitly apply the clearly erroneous

standard to any of the District Court's findings on obviousness and did not explain why, if it was of that view, Rule 52(a) had no applicability to the issue."

In rendering its decision in the instant case, the Fifth Circuit has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

B FAILURE OF THE FIFTH CIRCUIT TO APPLY THE APPROPRIATE STANDARD OF REVIEW

The Fifth Circuit reversed the jury verdict on the factual issue of infringement without pointing to any error of law by the District Court* and without pointing to any factual determination that was clearly erroneous. The Fifth Circuit merely reweighed the evidence and substituted its judgment on the factual issue for that of the jury.

Contrary to *Dennison, supra,* the Fifth Circuit failed to *explicitly* justify the substitution of the inferences which *it* drew from the facts for those inferences drawn by the jury.

The Fifth Circuit, also drew all inferences from the evidence in favor of appellant, ignored the jury's specific finding of willfulness, found facts unsupported by the record, not urged by any party, and not correct, and failed to consider all the evidence presented to the jury. These points are discussed more fully below.

In order to reverse the jury's verdict of willful infringement, the Fifth Circuit was *required* to find that

* There was no exception to the jury instruction on infringement.

reasonable persons, presented with the same evidence, *could not reach the same conclusion as the jury did,* or that the jury had before it *no competent and substantial evidence* that fairly supports the verdict. The Fifth Circuit did not make any such finding.*

Not only did the Fifth Circuit fail to explicitly apply this standard of review to any of the jury's findings, it also failed to even mention the jury's specific finding of willfulness. It is clear from a reading of the Opinion that the Fifth Circuit did not understand that the jury made a specific finding on willfulness. Such procedure falls far short of the appellate standard enunciated by this Court.

1. The Court Drew All Inferences From The Evidence In Favor Of Appellant

The Fifth Circuit improperly, yet consistently, drew all inferences from the evidence in favor of appellant.

a. *Evidence As To Floor's Intention To Trade Upon Oreck's Trademark Rights*

While Floor's officers predictably testified that they were unaware of Oreck's trademarks and Oreck's rights in those trademarks, the jury simply did not believe that self-serving testimony. The record amply supports the fact that prominent advertisements showing Floor's floor care equipment appear on pages next to two-third page

* The Fifth Circuit has not hesitated in the past to reverse factual findings concerning trademark infringement. *See, e.g., Security Center, Ltd.* v. *First Nat'l. Sec. Centers,* 750 F.2d 1295 (5th Cir. 1985); *Sun Banks of Fla.* v. *Sun Fed. Sav. & Loan,* 651 F.2d 311 (5th Cir. 1981); *Amstar Corp.* v. *Domino's Pizza, Inc.,* 615 F.2d 252 (5th Cir. 1980); *Armstrong Cork Co.* v. *World Carpets, Inc.,* 597 F.2d 496 (5th Cir. 1979); and *Vision Center* v. *Opticks, Inc.,* 596 F.2d 111 (5th Cir. 1979).

advertisements prominently displaying Oreck's XL mark on both domestic and commercial floor care equipment. (See PX 29 generally, specifically PX 29 CI, EI, BG, BQ, BL, DH, H, CG, LD, AD and BI). The officers of Floor who chose the XL mark stated that they reviewed these very advertisements.

The record also amply demonstrates that Oreck's XL marks were prominently displayed at a number of trade shows admittedly attended by the same Floor officers who chose the XL mark on Floor's behalf. Furthermore, these officers testified that they saw Oreck's floor care equipment at places of business of these common distributors. The Fifth Circuit improperly accorded "little weight" to this evidence, however.

> "Ordinarily, these facts would weigh in support of a finding of confusion. *Fuji Photo*, 754 F.2d at 598. In the circumstances of this case, however, the similarity of the advertising media used is entitled to little weight." [803 F.2d at 172-73; A. 15.]

But the jury found otherwise.

The Fifth Circuit substituted its opinion of the inference to be drawn from the evidence for the opinion of the jury, contrary to the strictures placed on an appellate court during its review of factual determinations. In concluding that the similarity of the advertising media used was entitled to *"little weight"*, the Court specifically ignored the holding by this Court in *Gallick* and *Sentilles* that an appellate Court may not *reweigh* the evidence.

b. *Evidence That Oreck And Floor Had Three Distributors In Common*

The record contains the names of three distributors of floor care equipment which sold both Oreck's and Floor's equipment bearing the XL mark. The record further shows that both Floor and Oreck each have other distributors nationally. The Court ignored the established standard of appellate review by drawing the inference (against Oreck), that Oreck and Floor "*have only three distributors in common*" (803 F.2d at 172; A. 14). As far as the record shows, the rest of the distributors may all be common distributors—i.e., they *all* carry both Oreck and Floor equipment. The Court improperly drew an inference adverse to appellee, which inference is not supported in the record.

c. *Evidence From The File Of The Prosecution Of Oreck's XL Trademark Registration*

During prosecution of one of Oreck's XL trademark registrations, counsel for Oreck attempted to make a distinction between the type of floor care equipment manufactured by Oreck and that manufactured by Floor, in response to the citation by the Trademark Office of a prior registration of an XL mark by another company, Excelsior Crafts, Inc. ("Excelsior"). Oreck's counsel also asserted that Oreck used the XL mark prior to Excelsior and thus had rights superior to Excelsior.

At trial, Oreck urged that the Trademark Office allowed Oreck's registration based on these superior rights. Floor urged that the Trademark Office allowed Oreck's registration based on differences in the goods. The jury held for Oreck.

The Fifth Circuit improperly inferred that the Trademark Office concluded that the goods were different.

The jury had before it evidence that Oreck opposed Excelsior's use of the XL mark on its floor care equipment goods and that Excelsior ceased use of the mark and cancelled its registrations upon Oreck's demand.

Actions, of course, speak louder than words but the Court failed to give weight to Oreck's actions requiring Excelsior to stop using the XL mark and cancel the registration, while giving "significant probative value" (803 F.2d at 172; A. 14) to the statement of Oreck's counsel during the prosecution of Oreck's trademark applications.

At worst, the Court ignored appellee's evidence on this point. At best, the Court drew an inference in favor of appellant and ignored the holding by this Court in *Gallick* and *Sentilles* that an appellate court may not reweigh the evidence. Both require a remand.

2. The Court Ignored The Jury's Specific Finding Of Willfulness

The jury specifically found that Floor's infringement was *willful*. But in the Fifth Circuit's opinion, there is *no mention* of that fact. There is *no mention* of the word "willful" (or any equivalent term) at all in the Court's Opinion, including the section where the Court describes "defendant's intent" (803 F.2d at 173; A. 15-16). Yet the Court recognizes that if Floor intended to benefit from the goodwill associated with Oreck's trademark rights, such intent may provide *compelling evidence* of a likelihood of confusion, citing *Exxon Corp.* v. *Texas Motor Exchange,*

628 F.2d 500, 506 (5th Cir. 1980) (803 F.2d at 173; A. 15). Actually, the Fifth Circuit in *Exxon* concluded that if

> "a plaintiff can show that a defendant adopted a mark with the intent of deriving benefit from the reputation of the plaintiff, *that fact alone* 'may be sufficient to justify the inference that there is confusing similarity'."

See also Sno-Wizard Mfg., Inc. v. *Eiseman Products Co.*, 791 F.2d 423, 428 (5th Cir. 1986) and *Amstar Corp.* v. *Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980).

The jury was instructed very specifically with respect to the willfulness finding.* The District Court specifically stated that when

> someone acts willfully, we mean that he acts with intent to deceive or confuse or mislead in knowing disregard of the rights of others; in this case, the property rights of the plaintiff and its trademark.
>
> Again, the plaintiff has the burden of proof by a preponderance of the evidence that defendant acted willfully. Before you can answer yes to that, you would have to decide that the plaintiff proved by a preponderance of the evidence that the defendant used the trademark willfully, that is to say, in *knowing disregard of the rights of the plaintiff*.
>
> Now, the defendant's use of that mark, Steamex Deluxe 15 XL, would be innocent and *not willful if the defendant adopted the designation about* [*sic*, *"without"*] *knowledge of plaintiff's XL trademark, or if the defendant had a good faith belief that the phrase Steamex Deluxe 15 XL was not likely to cause confusion even*

* Floor did not except to instructions on either infringement or willfulness.

> *though the defendant may have had knowledge of plaintiff's XL trademark.*
>
> So, it would not be willful if the defendant either did not know of the trademark, or even if he did know, if he had a good faith belief that it was not likely to cause confusion. [Tr. II, 141, 1. 21-142, 1. 21; emphasis added]

Thus, the jury concluded that Floor adopted the XL mark in bad faith, knowing of Oreck's XL trademark rights and knowing that it would cause confusion vis-a-vis Oreck's use of the mark. The Court totally ignored that specific finding, evidence which the Fifth Circuit has characterized as "compelling", and which, alone, "may be sufficient to justify the inference that there is confusing similarity."

3. The Court Found Facts Unsupported By The Record, Not Urged By Any Party, And Not Correct

An appellate court should not indulge in its own fact finding. The Fifth Circuit did just that.

It found that the mark XL is consistently used on a variety of commercial goods, including "cameras, computers, automobiles, audiotapes and chainsaws" (803 F.2d at 170; A. 11). There is nothing in the record about the use of the XL mark on these goods. Moreover, this alleged "fact" was not urged by any party in its brief.

Appellee, confronted with this "fact" for the first time in the Fifth Circuit's opinion, was forced to submit an Affidavit concerning these allegations in support of a Petition for Rehearing. *See* paragraphs 5 through 13 of the Affidavit of Paul T. Meiklejohn which is annexed hereto as Appendix C.

As that Affidavit makes clear, the mark XL is, in fact, used on goods other than floor care equipment. Most, if not all, of these uses are either by Oreck Corporation, or by its licensees. Oreck, for example, has used the mark XL on washing machines, dryers, refrigerators, freezers, kitchen ranges, microwave ovens, phonographs, stereo amplifiers, magnetic tape players and recorders.* Oreck has also licensed the use of the mark XL to Hitachi Maxwell Ltd. as well as to Norwood Industries, Inc. for use of the mark on audiotapes. Furthermore, RCA's use of the mark XL (e.g., XL-100) is by permission of Oreck. The Affidavit further indicates that the Affiant knows of no XL use on chainsaws, that Oreck has policed its use in relation to computers, and knows of no other infringing or diluting use of the XL mark.

Rather than establishing the weakness of the XL mark, these uses by Oreck and others having contractual permission from Oreck, on different kinds of goods actually establish the strength of the mark.**

The Court's quote from *Exxon*, *supra* at 504, that

> "the greater the number of identical or more or less similar trademarks already in use on different kinds of goods, the less is the likelihood of confusion"

is inappropriate here, as it was also inappropriate in *Exxon*, where "there is no evidence in the record indicating

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* Oreck has federal trademark registrations for these uses, including Registration Nos. 1,020,368; 1,020,465; and 1,028,501. *See* Meiklejohn Aff't., par. 8.

** Use of the same mark by a trademark owner on different kinds of goods *strengthens* the mark. The mark DUPONT, which is used on many different kinds of products, is obviously a strong mark. Licensing others to use a mark also *strengthens* a mark. The mark MCDONALD'S for fast food services has obviously been strengthened by licensing.

that any other party besides Exxon [Oreck] Corporation uses EXXON [XL]." *Id. There is no evidence in this record of any use of the XL mark other than the use by Oreck.**

4. The Court Failed To Consider All The Evidence Presented To The Jury

a. *Evidence Of Use Of The Mark On The Goods*

In determining similarity of design, the Fifth Circuit looked to and copied in its opinion (803 F.2d at 168; A. 6-7), the two advertisements which Floor presented to the Fifth Circuit in its brief on appeal. The Fifth Circuit then concluded that "the word STEAMEX is in larger print than XL and is unquestionably the attention-getting feature" (803 F.2d at 171; A. 12). The Fifth Circuit failed to review any of the numerous other advertisements of record, and most importantly, failed to even consider Floor's use of the XL mark on its *goods. The Fifth Circuit could not have considered the use of the mark on the goods because the goods themselves, while trial exhibits viewed by the jury, were not made of record by appellant Floor in the appeal.*

On the goods, Floor uses the mark XL much more prominently in terms of position, and in much larger letters, than it uses the mark STEAMEX. It is the way the mark is used on the *goods* which is most significant for trademark infringement purposes.

The jury saw the goods. The Fifth Circuit did not.

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* The Fifth Circuit found as a fact (although the District Court did not) that XL is used to designate a size—"extra large". Even if such appellate fact finding were appropriate, the use of a symbol to designate a size is not a trademark use of XL and thus does not dilute the strength of the mark.

b. *Evidence Of Oreck's Continuous, Extensive And Exclusive Use Of The Trademark XL Since 1970 And Oreck's Extensive Advertising*

The Fifth Circuit failed to consider the evidence presented to the jury showing Oreck's continuous, extensive and exclusive use of the trademark XL since 1970. The Court also reweighed the evidence of Oreck's extensive advertising and failed to mention the more than $3 million spent annually on advertising for several recent years. This evidence is relevant in establishing the strength of the mark.

II

The Fifth Circuit's Decision Is Contrary To 15 U.S.C. §1115(b).

Title 15, U.S.C. §1115(b) states that for incontestable registered marks, "the registration shall be *conclusive* evidence of the registrant's *exclusive* right to use the registered mark in commerce", except for certain defenses none of which are applicable here. This Court improperly ignored 15 U.S.C. §1115(b) in holding that Oreck's incontestable registered marks are *not* entitled to this exclusivity.

Floor's practice was to use its STEAMEX housemark along with subsidiary trademarks such as XL, OMNI and BONNET BRITE. *See, e.g.*, PX 18 where Floor obtained a federal registration for its BONNET BRITE mark. The specimen submitted to the Trademark Examiner with the trademark application shows the use of the mark BONNET BRITE and STEAMEX together. Obviously, Floor believed that it was using BONNET BRITE as a trademark

even though STEAMEX was in the same advertisement. And the Examiner agreed; he granted the registration. *See also* PX 19 for the mark OMNI, where the same comments apply.

Just as Floor used BONNET BRITE and OMNI as trademarks in connection with the STEAMEX housemark*, it also used XL as a trademark in connection with STEAMEX. Such trademark use of an incontestable federally registered trademark (XL) is specifically prohibited by statute.

The Court asserts without authority, that since Floor (in one advertisement which the Court copied from Floor's brief) used the mark XL in association with its housemark STEAMEX, the use of that housemark along with the mark XL somehow alleviates the confusion. By law, just the opposite occurs (*See* IV *infra*).

Thus, in allowing Floor to adopt in its entirety Oreck's incontestable, federally registered, trademark XL, the Court's decision conflicts with 15 U.S.C. §1115(b) which establishes Oreck's registrations as "conclusive evidence" of Oreck's "exclusive right" to use its "registered mark".

While there are cases in which the use of additional material as part of the mark may alleviate confusion, we know of no case where a court has allowed a party to use the en-

* A housemark is one which a company uses on *all* of its products, typically adding another mark for each individual product. DUPONT, for example, is a housemark whereas TEFLON is a mark for a particular product of that company. STEAMEX is the housemark for Floor. It is used on all Floor's products. OMNI, BONNET BRITE, and XL are marks used by Floor on individual Floor products.

tire incontestable registered mark of a party either with or without additional aspects to the mark. That would be contrary to 15 U.S.C. §1115(b).

III

The "Limited" Nature Of Floor's Use Of The Mark Is Not Relevant To The Issue Of Likelihood Of Confusion And In So Holding The Fifth Circuit Rendered A Decision In Conflict With 15 U.S.C. §1114(1).

15 U.S.C. §1114(1) provides that

> "Any person who shall without the consent of the registrant—use in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for a sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided"

In considering the strength of Oreck's mark, the Fifth Circuit referred to Floor's "limited use" of the XL mark (803 F.2d at 171; A. 12). There is no judicial authority or statutory basis for the Court's holding that Floor's "limited use" of the XL mark is relevant to a finding of infringement. Furthermore, neither party urged this proposition either in its briefs or at oral argument.

Courts have recognized that while the extent of use of the mark is obviously relevant to the relief which will be granted, it is *irrelevant* to a *liability* determination. The Court in *Polo Fashions, Inc.* v. *Clothes Encounters*, ——

F.Supp. ——, ——, 227 U.S.P.Q. 327, 330 (N.D.Ill. 1985) recently stated in a trademark infringement action:

> "The extent of sales, however, is relevant to the question of the extent of damages and is *irrelevant to determining liability for trademark infringement.*"

IV

In Holding That Floor's Use Of Its Housemark With The Mark XL Alleviates Confusion, The Fifth Circuit Rendered A Decision And Opinion In Conflict With Decisions Of Other Federal Courts Of Appeal And With Decisions Of This Court.

The Fifth Circuit concluded that confusion is alleviated because the "large-type, boldface headline 'STEAMEX DELIVERS AGAIN' . . . clearly indicates that U.S. Floor is the maker of the product" (803 F.2d at 171; A. 12). Of course the advertisement indicates this. The problem is that Floor's use of the XL mark in connection with Floor's housemark STEAMEX indicates a relationship between the STEAMEX Company (Floor) and the XL Company (Oreck).

As the Circuit Court stated in *W.E. Bassett Co.* v. *Revlon Inc.*, 435 F.2d 656, 662 (2d Cir. 1970):

> The argument that Revlon's use of its well-publicized name along with "Cuti-Trim" indicates a lack of deliberate fraud is specious, for, if accepted, it would allow any company that is well enough known, to infringe a competing company's mark, especially if the competitor is small, merely by coupling its own name with the competitor's mark. [citations omitted].

In one of the CROSS pen cases, *A.T. Cross Co.* v. *Jonathan Bradley Pens, Inc.*, 470 F.2d 689, 692 (2d Cir. 1972), the Second Circuit stated that the addition of such a housemark is "an *aggravation*, and *not a justification.*" (emphasis added; citations omitted). The Court noted that use of the infringer's housemark "does not save the day" since "a purchaser could well think plaintiff had licensed defendant as a second user." *Id.*

In another CROSS pen case, *T&T Mfg. Co.* v. *A.T. Cross Co.*, 449 F.Supp. 813, 822 (D.R.I. 1978), another Court further explained the effect of using an infringer's housemark in connection with an infringing mark:

> Courts have viewed combining the alleged infringer's housenames with the other manufacturer's tradename as an aggravating circumstance, rather than an excuse for the infringement. The combination leads the purchaser to assume that the infringer is an authorized branch of the owner of the trademark. [*Id.*; emphasis added; citations omitted].

The policy underlying that conclusion was also set out:

> To permit Second-Quill to appropriate with impunity Cross' trademark—the product of many years of advertising and long identified with the company's reputation for fine manufacture—simply by addition of Second-Quill's housename, would make a mockery of trademark law. [citations omitted]. Indeed, to permit this piracy would be in effect to reward the cunning infringer and punish only the bumbling one. [*Id.*]

In *Jacobs* v. *Beecham*, 221 U.S. 263, 272 (1911) this Court stated that the "natural interpretation would be that the defendant had bought the original business out and was carrying it on". *See also, Menendez* v. *Holt*, 128 U.S. 514 (1888).

V

By Failing To Consider The Evidence As A Whole And By Giving Particular Weight To Three Factors In Concluding That There Was No Infringement, The Court Rendered A Decision In Conflict With Decisions Of Other Federal Courts of Appeal.

In *Armco, Inc.* v. *Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1159 (5th Cir. 1982), the Fifth Circuit held that a finding of likelihood of confusion need not be supported by a majority of the factors which, according to the Court (803 F.2d at 170; A. 10-11), are relevant in determining likelihood of confusion. In *Conan Properties, Inc.* v. *Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985) the Fifth Circuit stated that the absence or presence of any one factor ordinarily is not dispositive.

In direct conflict with its own statements in *Armco* and *Conan* the Court, in determining that there was no infringement, stated

> "In making this determination, we give particular weight to the absence of any evidence of actual confusion, the weakness of the plaintiff's mark, and the lack of similarity between the marks when viewed in context." [803 F.2d at 174; A. 17]

The Fifth Circuit's requirement that absence of evidence of actual confusion should be given "particular weight" is in conflict with established authorities.

Oreck introduced no evidence of actual confusion at trial. The fact that there was no evidence of actual confusion at trial does not mean that actual confusion did not in

fact exist. Given the limited use (only 158 units) of the mark by Floor, it is not surprising that no competent evidence of actual confusion could have been presented at trial.

Moreover, the District Court specifically instructed the jury that actual confusion was *not* necessary to establish a likelihood of confusion. Floor *did not* except to this instruction. The Court stated this requirement for evidence of actual confusion for the *first time* in its Opinion.

The Court's requirement of actual confusion in this case is in conflict with the authorities which universally state that plaintiff is not required to prove *any* instances of actual confusion. Some Courts state that

> "One does not have to await the consummation of threatened injury to obtain preventive relief."

while others say that

> "Actual confusion or deception of purchasers is not essential to a finding of trademark infringement or unfair competition, it being recognized that reliable evidence of actual confusion is *practically almost impossible to secure.*"

McCarthy on Trademarks, §23.2, pp. 50-51 (1986) (citations omitted).

McCarthy cites more than fifty cases for the proposition that actual confusion evidence is not necessary to prove likelihood of confusion.

Decisions of other federal courts of appeal are unanimously to the effect that in order to establish a likelihood of confusion, it is *not necessary* to show actual confusion.

One merely has to show that a *likelihood* of confusion exists. *Bassett*, 435 F.2d at 662; *Scarves by Vera, Inc.* v. *Todo Imports, Ltd.*, 544 F.2d 1167 (2d Cir. 1976); *AMF, Inc.* v. *Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). In *requiring* evidence of actual confusion, the Fifth Circuit's decision and opinion conflict with these decisions.

Conclusion

This Court is respectfully requested to order that the decision of the Court of Appeals for the Fifth Circuit be vacated and the case be remanded to the Fifth Circuit for review under the appropriate appellate standard.

Petitioner respectfully submits that this petition is meritorious and should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

Opinion of the United States Court of Appeals for the Fifth Circuit

UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

ORECK CORPORATION,
Plaintiff-Appellee Cross-Appellant,

v.

U. S. FLOOR SYSTEMS, INC.,
Defendant-Appellant Cross-Appellee.

No. 85-3297

OPINION

Filed October 24, 1986

Before: Will Garwood and Robert M. Hill, Circuit Judges, and Hubert L. Will*, Senior District Judge.

Opinion by Judge Hubert L. Will

Appeals from the United States District Court
for the Eastern District of Louisiana
Adrian G. Duplantier, District Judge, Presiding

SUMMARY

Copyright, Patent and Trademark/Jurisdiction

Appeal from a jury verdict finding an infringement of a trademark. Reversed.

U.S. Floor Systems, Inc. (U.S. Floor) manufacturers carpet cleaning equipment known as extraction machines under the federally registered trademark "STEAMEX." In 1982, U.S. Floor introduced an upgraded model that it designated the "STEAMEX DELUXE 15 XL." The suffix "XL" was arbitrarily chosen to distinguish the upgraded model from the existing "STEAMEX DELUXE 15."

*District Judge of the Northern District of Illinois, sitting by designation.

Oreck Corporation (Oreck) produces floor care equipment under the federally registered trademarks "XL" and "ORECK XL." Oreck's line included vacuum cleaners and rug shampooers but no extraction machines. After U.S. Floor began marketing the STEAMEX DELUXE 15 XL, Oreck demanded that it cease using the XL mark. Although U.S. Floor took the position that no infringement had occurred, it phased out the use of XL and began referring to its product as the "STEAMEX DELUXE 15 X2." Nevertheless, Oreck filed this lawsuit, alleging trademark infringement, false designation of origin, and unfair competition. A jury found for Oreck and awarded it damages.

[1] U.S. Floor first contends that it was not subject to personal jurisdiction in the district court under the Louisiana long-arm statute or, alternatively, that it did not have sufficient contacts with Louisiana to satisfy the due process clause. **[2]** However, U.S. Floor had at least two distributors in Louisiana who presumably had received price lists including the XL model, and it placed ads for the XL model in nationally-distributed trade magazines, which makes it clear that it did not seek to limit the states in which its product was marketed. **[3]** Additionally, U.S. Floor engaged in substantial business activity in Louisiana that was not directly related to its promotion of the XL model. **[4]** These activities as a whole bring U.S. Floor within the Louisiana long-arm statute and **[5]** its contacts with the state are sufficient to satisfy the requirements of due process. **[6]** As to the substantive issue, to prove its claim of trademark infringement, Oreck was required to show that U.S. Floor's use of the XL mark was likely to create confusion in the minds of potential buyers as to the source, affiliation, or sponsorship of the parties' products. A number of factors are considered in deciding this issue. **[7]** *Strength of Oreck's Mark.* The XL mark has several characteristics that weigh against affording it broad trademark protection. It is widely used on a variety of commerical goods and **[8]** it is suggestive of a number of possible meanings, all of which further dilute the distinctiveness of the mark. **[9]** *Similarity of Design.* Although viewed in isolation the XL letters are obviously similar, the letters cannot be so viewed. **[10]** Oreck frequently advertised the mark standing alone, while U.S. Floor invariably used it in connection with the full name of the product—the STEAMEX DELUXE 15 XL. In its advertisements, the STEAMEX is in larger print than XL and is unquestionably the

attention-getting feature. Viewed properly in context, STEAMEX DELUXE 15 XL has only a slight similarity to Oreck's trademark and is unlikely to cause confusion. [11] *Similarity of the Products.* Oreck's products are sold for both commercial and consumer uses, and Oreck emphasizes the lightweight quality of its products. [12] By contrast, the STEAMEX DELUXE 15 XL weighs 150 pounds and is marketed to commercial and rental customers. Further, extraction machines like the STEAMEX models operate in a fundamentally different fashion from Oreck's rug shampooers and vacuum cleaners. [13] These substantial dissimilarities would reduce the likelihood of confusion in the minds of potential purchasers. [14] *Identity of Retail Outlets and Purchasers.* Although there is some overlap, the U.S. Floor market is significantly different from the customers Oreck targets. Of about forty U.S. Floor distributors nationally and many more Oreck distributors, the two companies have only three in common. [15] *Similarity of Advertising Media Used.* Although advertisements for the STEAMEX DELUXE 15 XL appeared in the same trade journals in which Oreck's XL products appeared, [16] given the only slight resemblance of the marks to each other when viewed in context, the likelihood of confusion from advertising is negligible. [17] *Defendant's Intent.* Although Oreck theorizes that U.S. Floor selected the XL mark in attempt to "pass off" its products as those of Oreck, [18] the record does not support this assumption. U.S. Floor used XL on only one of its products, and it never used the mark independently. In addition, faced with Oreck's charges of infringement, U.S. Floor promptly took steps to resolve the dispute and, failing that, to abandon its use of the mark. These are not actions of an intentional infringer. [19] *Actual Confusion.* Although evidence of actual confusion is not necessary to a finding of likelihood of confusion, it is nevertheless the best evidence of likelihood of confusion. [20] In light of the concurrent use of the STEAMEX DELUXE 15 XL name and Oreck's XL mark for seventeen months, Oreck's inability to point to a single incident of actual confusion is highly significant. [21] *Degree of Care Exercised by Potential Purchasers.* Because U.S. Floor's purchasers are buying for professional and institutional purposes at a cost in the thousands of dollars, they are virtually certain to be informed, deliberative buyers. The same is true for purchasers of Oreck's big ticket items. This is not the sort of purchasing environment in which confusion flourishes. [22] On this record, the evi-

dence fairly considered points to only one conclusion: a finding of no infringement.

OPINION

HUBERT L. WILL, Senior District Judge:

In this action for trademark infringement under the Lanham Act, 15 U.S.C. §§ 1051, *et seq.*, a jury found for the plaintiff Oreck Corporation ("Oreck") and against the defendant U.S. Floor Sytems, Inc. ("U.S. Floor"). On appeal and cross-appeal the parties raise numerous issues, only two of which we must decide: (1) whether U.S. Floor had sufficient contacts with the state of Louisiana to be subject to the jurisdiction of a district court located in Louisiana, and (2) whether there is sufficient evidence to support the jury's finding that U.S. Floor's use of Oreck's "XL" trademark resulted in a likelihood of confusion. We conclude that U.S. Floor was subject to personal jurisdiction in the Louisiana district court, but that the jury verdict is not supported by the evidence. Accordingly, we reverse.

I.

U.S. Floor manufactures a line of carpet cleaning equipment known as extraction machines under the federally registered trademark "STEAMEX." STEAMEX models are identified by series (e.g., "PRO" or "DELUXE") and capacity (e.g., 10 for 10 gallons). Thus, a ten gallon carpet extraction machine in the PRO series is known as the "STEAMEX PRO 10," and a fifteen gallon machine in the DELUXE series is known as the "STEAMEX DELUXE 15."

In 1982, U.S. Floor introduced an upgraded fifteen gallon machine and designated it the "STEAMEX DELUXE 15 XL." This model was similar to U.S. Floor's existing fifteen gallon unit, but included an extra blower and a high pressure pump. According to U.S. Floor, the suffix "XL" was arbitrarily chosen to distinguish the upgraded model from the existing "STEAMEX DELUXE 15."

Oreck produces floor care equipment under the federally registered trademarks "XL" and "ORECK XL." Each of these marks

has acquired incontestable status under 15 U.S.C. § 1065. Oreck's product line includes vacuum cleaners and rug shampooers but no extraction machines. Each year Oreck spends millions of dollars advertising its products under the XL mark in trade journals, general interest periodicals, and at trade fairs. U.S. Floor also advertised the STEAMEX DELUXE 15 XL, and in some instances it promoted its product in the same trade journals and at the same trade fairs as Oreck. Reproduced below are examples of a typical Oreck advertisement (Fig. 1) and an advertisement for the STEAMEX DELUXE 15 XL (Fig. 2).

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Figure 1

BLE COPY

STEAMEX DELIVERS. AGAIN!
ONLY $2995
THE DELUXE 15 XL: POWERFUL, PORTABLE & PROFITABLE
• Economy of Operation
• Special Roller Handle Allows One-Man Loading
• Lightweight. Easy to Handle
• All Electric Feature
• Simple Design reduces Operating Costs
• Powerful 210 CFM Vacuum
• Many other features
THE DELUXE 15-XL PACKAGE INCLUDES ALL OF THIS
STEAMEX

Fig. 2. (Except for differences in price terms, this is the only advertisement for the STEAMEX DELUXE 15 XL in the record).

U.S. Floor began marketing the STEAMEX DELUXE 15 XL in October, 1982. On September 30, 1983, Oreck wrote to U.S. Floor and demanded that it cease using the XL mark. Although U.S. Floor's counsel took the position that no infringement had occurred because U.S. Floor was using XL as a model designation rather than as a trademark, U.S. Floor offered to phase out the use of XL by April 15, 1984. At first, U.S. Floor proposed to change its designation by adding an "S," making it the "STEAMEX DELUXE 15 XLS." Oreck rejected this proposal. By May 1, 1984, U.S. Floor had ceased using XL and was marketing its upgraded fifteen gallon model as the "STEAMEX DELUXE 15 X2." Nevertheless, Oreck filed this lawsuit on May 9, 1984, alleging trademark infringement, false designation of origin, and unfair competition.

The jury, concluding that U.S. Floor's use of "XL" was "likely to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1114(1), found for Oreck and awarded damages of $20,000. Subsequently, the district court denied U.S. Floor's motions for judgment n.o.v. and to dismiss for lack of personal jurisdiction, and also denied Oreck's motions for an injunction, increased damages, and attorney's fees. U.S. Floor appealed and Oreck cross-appealed.

II.

[1] U.S. Floor contends that it was not subject to personal jurisdiction in the district court under the Louisiana longarm statute, La. R.S. 13:3201. The statute provides in part that a court

> may exercise personal jurisdiction over a nonresident, who acts directly or by an agent, as to a cause of action arising from any one of the following activities performed by the nonresident: (1) Transacting any business in this state. . . . (3) Causing injury or damage by an offense or quasi-offense committed through an act or omission in this state.

Alternatively, U.S. Floor argues that it did not have the requisite "minimum contacts" with Louisiana to satisfy the due process clause. Due process requires that a defendant have such minimum contacts with the forum state that "the maintenance of the suit does

not offend 'traditional notions of fair play and substantial justice.' " *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).

U.S. Floor makes much of the fact that no STEAMEX DELUXE 15 XL machine ever was sent into Louisiana. While one XL machine was billed to a distributor in Louisiana and shipped to a customer in Mississippi, U.S. Floor asserts that this is not the sort of purposeful or consistent business activity that would subject it to the jurisdiction of the Louisiana courts.

[2] U.S. Floor misstates the issue, however. The fact is that U.S. Floor did considerably more than mail a single invoice into Louisiana. As the district court noted, U.S. Floor had at least two distributors in Louisiana who presumably received the price lists U.S. Floor sent to its distributors on a regular basis. These price lists, as shown in the record, included the STEAMEX DELUXE 15 XL. Moreover, U.S. Floor placed ads for the XL model in nationally-distributed trade magazines. From this evidence it is clear that U.S. Floor "sought to serve a national market" and "made no attempt to limit the states in which its product was marketed." *Vault Corp. v. Quaid Software, Ltd.*, 775 F.2d 638, 640 (5th Cir. 1985).

[3] Additionally, U.S. Floor engaged in substantial business activity in Louisiana that was not directly related to its promotion of the STEAMEX DELUXE 15 XL. The record shows that from March 1, 1983 through August 31, 1984, U.S. Floor billed its two Louisiana distributors and five other Louisiana customers for over $20,000 in sales. U.S. Floor also placed numerous ads for non-XL products in trade magazines distributed in Louisiana.

According to U.S. Floor, those of its business activities that were not directly related to use of the offending mark are not relevant for purposes of the Louisiana long-arm statute. We disagree. Though it is true that in some respects the long-arm statute is more restrictive than federal due process, requiring a showing of some connection between the business transacted in Louisiana and the cause of action, *Farnham v. Bristow Helicopters, Inc.*; 776 F.2d 535, 537 (5th Cir. 1985), this is not a case in which the defendant's activities in the forum have no relationship to the plaintiff's claim. As indicated, U.S. Floor promoted the STEAMEX DELUXE 15 XL in Louisiana through its distributors and through nationally distrib-

uted trade journals. Moreover, the promotion and sales of U.S. Floor's other products in Louisiana was still the same sort of business conduct that gave rise to Oreck's trademark claims.

[4] By contrast, *Farnham* and the Louisiana cases on which it relied all were suits against out-of-state defendants for personal injuries that in no sense related to the defendants' Louisiana business activities. *See Farnham*, 776 F.2d 535 (wrongful death suit arising out of helicopter crash in Indonesia); *Robinson v. Vanguard Ins. Co.*, 468 So.2d 1360 (La. Ct. App. 1st Cir. 1985) (suits for property damage, wrongful death, and survival arising out of airplane crash in Mississippi); *Alba v. Riviere*, 457 So.2d 33 (La. Ct. App. 4th Cir. 1984) (suit for personal injuries suffered in Belize). The same is true of a recent, post-*Farnham* Louisiana case, *Drago v. Home Ins. Co.*, 486 So.2d 940 (La. Ct. App. 1st Cir. 1986) ("slip and fall" in Canada). Considering U.S. Floor's sales and promotional activities in Louisiana as a whole, we think it clear that jurisdiction was proper under the Louisiana long-arm statute.

[5] U.S. Floor also had sufficient contacts with the state of Louisiana to satisfy the requirements of the due process clause. It purposefully entered the Louisiana marketplace and sought the benefits of doing business there. In fairness, it should have expected to be subject to the jurisdiction of the Louisiana courts. *Burger King Corp. v. Rudzewicz*, 105 S. Ct. 2174 (1985). Accordingly, we conclude that the district court properly denied U.S. Floor's motion to dismiss for lack of personal jurisdiction.

III.

The next question is whether the jury verdict is supported by the evidence. The verdict must be upheld "unless the facts and inferences point so strongly and so overwhelmingly in favor of one party that reasonable persons could not arrive at a contrary verdict." *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 149 (5th Cir. 1985). In other words, we must determine "whether the jury had before it any competent and substantial evidence that fairly supports the verdict." *Id.*

[6] To prove its claim of trademark infringement, Oreck was required to show that U.S. Floor's use of the XL mark was likely to

create confusion in the minds of potential buyers as to the source, affiliation, or sponsorship of the parties' products. 15 U.S.C. § 1114(1); *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 258 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980). The question of likelihood of confusion is decided by considering a variety of factors including: (1) strength of the plaintiff's mark; (2) similarity of design between the marks; (3) similarity of the products; (4) identity of retail outlets and purchasers; (5) similarity of advertising media used; (6) the defendant's intent; (7) actual confusion; and (8) degree of care exercised by potential purchasers. *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591 (5th Cir. 1985); *Sun-Fun Products v. Suntan Research & Development*, 656 F.2d 186 (5th Cir. 1981). We consider each of these factors in turn and conclude that U.S. Floor's limited use of XL presented no likelihood of confusion.

[7] 1. *Strength of Oreck's Mark.* The XL mark has several characteristics that weigh against affording it broad trademark protection. First, it is widely used on a variety of commercial goods, including cameras, computers, automobiles, audiotapes and chainsaws. This dilutes the strength of the mark and entitles it to a narrower range of protection. As this court observed in *Exxon Corp. v. Texas Motor Exchange*, 628 F.2d 500 (5th Cir. 1980), "The greater the number of identical or more or less similar trade-marks already in use on different kinds of goods, the less is the likelihood of confusion." *Id.* at 504 (quoting Restatement of Torts § 729, comment g (1938)); *see also Amstar Corp. v. Domino's Pizza*, 615 F.2d 252, 259-60 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980).

[8] Second, though at first glance XL may appear arbitrary or fanciful, in actual usage the mark is suggestive of a number of possible meanings. Spoken, XL is a homonym for "excel," connoting excellence. Indeed, at trial Oreck's president testified that XL "stand[s] for excellence." XL is also commonly used on clothing or equipment to mean extra-large. In this particular case, the record shows that Oreck regularly advertised its mark in connection with the words "extended life," descriptive language that further diluted the distinctiveness of the mark.

Oreck maintains that U.S. Floor may not attack the mark on grounds of descriptiveness, given the mark's incontestable status

and the Supreme Court's holding in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 105 S. Ct. 658 (1985). *Park 'N Fly* merely held, however, that an infringement action brought by the holder of an incontestable mark may not be defended on the ground that the mark is merely descriptive and therefore invalid. *Id.* at 667. U.S. Floor's argument was not that Oreck's mark was invalid, but that it was not *infringed* because there was no confusion. *Park 'N Fly* says nothing to preclude this argument. Incontestable status does not make a weak mark strong.

It is true that Oreck advertised its mark heavily and, on at least two occasions, prevented competitors from using it. Nevertheless, we conclude that the mark was not so evocative or unique as to deserve the broad measure of protection that would be required in order to prohibit U.S. Floor's limited use of it.

[9] 2. *Similarity of Design.* Viewed in isolation, the XL letters in each advertisement are obviously quite similar, though Oreck tends to use a more stylized design. *See* Figs. 1, 2. But the letters must not be viewed in isolation. Rather, we must "look at the competing marks in their entirety and not merely at individual similar features."

Marathon Mfg. Co. v. Everlite Products Corp., 767 F.2d 214, 219 (5th Cir. 1985); *see also Security Center, Ltd. v. First National Security Centers*, 750 F.2d 1295, 1302 (5th Cir. 1985).

[10] While Oreck used the XL mark on all of its products, U.S. Floor used XL only on one product. Unlike Oreck, which frequently advertised the mark standing alone, U.S. Floor invariably used it in connection with the full name of the product—the STEAMEX DELUXE 15 XL. In its advertisements, the word STEAMEX is in larger print than XL and is unquestionably the attention-getting feature. *See Armstrong Cork v. World Carpets, Inc.*, 597 F.2d 496, 502 (5th Cir. 1979). The advertisement proclaims in a large-type, boldface headline "STEAMEX DELIVERS AGAIN!" and clearly indicates that U.S. Floor is the maker of the product. Thus, viewed properly in context, STEAMEX DELUXE 15 XL has only a slight similarity to Oreck's trademark and is unlikely to result in any confusion.

[11] 3. *Similarity of the Products.* The greater the similarity between Oreck's floor cleaning equipment and the STEAMEX DELUXE 15 XL, the greater the likelihood that potential purchasers would be confused. Oreck vacuum cleaners and rug shampooers are sold for both commercial and consumer uses. One of the features Oreck emphasizes in its advertisements is the lightweight quality of its products. Oreck's consumer model vacuum cleaners weigh as little as 8 3/4 pounds, while most of its commercial equipment weighs between 15 and 45 pounds. The heavier models are priced up to $645 wholesale and $1500 retail.

[12] By contrast, the STEAMEX DELUXE 15 XL weighed about 150 pounds, was marketed to commercial and rental customers, and sold for about $2000 wholesale and $3500 to $4000 retail. Further, extraction machines like the STEAMEX models operate in a fundamentally different fashion from rug shampooers and vacuum cleaners. Extraction machines operate by injecting a cleaning solution into the carpet at high pressure and then pulling the fluid back into the machine. As Oreck's vice-president and general manager acknowledged at trial, Oreck produces no product that performs these functions in similar one-step fashion. To achieve the same result with Oreck equipment, one would have to first use a rug shampooer, then follow it up with a wet/dry vacuum.

Oreck recognized the functional dissimilarities between its equipment and extraction machines in a 1975 letter to the United States Patent and Trademark Office. The letter was submitted in response to the Trademark Office's refusal to register Oreck's XL mark for electric rug shampooers due to a similar registration on Excelsior Craft, Inc.'s "XL Kleen" for extraction machines. In the letter, Oreck's counsel observed:

> The only item claimed by applicant which appears to be the basis for refusal of registration is "electric carpet shampooers". But these "shampooers" are portable electric appliances designed for use only in the household, and they are wholly unrelated to the heavy duty steam cleaning units which are the subject of the cited registration. That is, the latter are obviously large units designed for installation and use in cleaning establishments. Such units are a different type of product. They move through different

> channels of trade and they are sold to a different class of customers from those to whom applicant's goods are sold.

The Trademark Office subsequently vacated its earlier decision and issued Registration No. 1,028,501 to Oreck on December 30, 1975.

[13] We find the arguments made by Oreck's counsel in the 1975 letter to be more persuasive than the arguments it presents today. Oreck nowhere disputes that Excelsior Craft's "XL Kleen" was a heavy duty extraction machine similar to the STEAMEX DELUXE 15 XL. It simply points out that in 1979 Excelsior Crafts agreed to abandon its use of the "XL Kleen" mark because of Oreck's prior use and superior rights. The fact that Oreck had superior rights in the mark does nothing to undermine our conclusion, however. We find that Oreck's counsel's representations, apparently accepted by the Trademark Office, carry significant probative value. They are consistent with other evidence in the record, bolstering the conclusion that the substantial dissimilarities between Oreck's products and the STEAMEX DELUXE 15 XL would reduce the likelihood of confusion in the minds of potential purchasers.

[14] 4. *Identity of Retail Outlets and Purchasers.* Oreck markets its products to hotel chains, hospitals, commercial installations, and ordinary consumers. U.S. Floor markets the STEAMEX DELUXE 15 XL to commercial buyers as well, but also markets it to the rental trade and the professional carpet cleaning trade. These latter two are significantly different from the customers Oreck targets. U.S. Floor's smaller steam cleaning units are used primarily by stores which rent to customers for home use, while its larger units, such as the STEAMEX DELUXE 15 XL, are used by professionals who come into homes or commercial establishments and clean rugs for a fee. Oreck sells its floor care equipment primarily to individuals and establishments that clean their own rugs and floors. Of about forty U.S. Floor distributors nationally and many more Oreck distributors, the two companies have only three in common.

Though there is some overlap between the markets for the parties' products, there is not the complete congruity that Oreck asserts. The testimony indicates that the market for floor cleaning equipment is neither homogeneous nor monolithic. As Oreck itself

observed in its 1975 letter to the Trademark Office. Oreck's consumer models "move through different channels of trade [from heavy duty extraction machines] and . . . are sold to a different class of customers." The partial overlap of markets is not sufficient to raise a question of fact for the jury given Oreck's poor showing on the factors that are controlling in the context of this case.

[15] 5. *Similarity of Advertising Media Used.* In several instances, advertisements for the STEAMEX DELUXE 15 XL appeared in the same trade journals in which advertisements for Oreck's XL products appeared. In addition, the parties attended some of the same trade shows, and promoted their XL products there. Ordinarily, these facts would weigh in support of a finding of confusion. *Fuji Photo*, 754 F.2d at 598. In the circumstances of this case, however, the similarity of the advertising media used is entitled to little weight.

[16] Given the only slight resemblance of the marks to each other when viewed in context, the likelihood of confusion from the advertising is negligible. Many trademarks are advertised side-by-side in the same publications, but the public does not assume from this fact alone that the products have a common origin. The danger of confusion only arises when the trademarks are deceptively similar.

[17] 6. *Defendant's Intent.* Proof of the defendant's intent to benefit from the good reputation of the plaintiff's products is not required in order to establish infringement. If such an intent can be shown, however, it may provide compelling evidence of a likelihood of confusion. *Exxon*, 628 F.2d at 506 (5th Cir. 1980). In this case, Oreck's theory is that U.S. Floor purposefully selected the XL mark in an attempt to "pass off" its products as those of Oreck. Oreck presents no direct evidence in support of its theory. Rather, it appears to rely solely on the assumption that U.S. Floor *must have* known about Oreck's XL mark, and that U.S. Floor therefore *must have* intended to trade upon the mark's value.

[18] The record does not support this assumption. At trial, U.S. Floor presented evidence that it innocently adopted XL as a model designation to distinguish the STEAMEX DELUXE 15 XL from the STEAMEX DELUXE 15. Robert Weil, president of U.S. Floor,

testified that he was unaware of Oreck's use of XL. U.S. Floor's actions speak louder than its words, however. In its advertisements, the company clearly identified itself as the maker of the STEAMEX DELUXE 15 XL. The advertisements' headlines proclaim "STEAMEX DELIVERS AGAIN!" in lettering that dwarfs the appearance of XL. The company used XL on only one of its products—one that differed substantially from Oreck's products—and it never used the mark independently. Faced with Oreck's charges of infringement, U.S. Floor promptly took steps to resolve the dispute and, failing that, to abandon its use of the offending symbol. These are not the actions of an intentional infringer.

[19] 7. *Actual Confusion.* "Although evidence of actual confusion is not necessary to a finding of likelihood of confusion, it is nevertheless the best evidence of likelihood of confusion." *Amstar*, 615 F.2d at 263; *see Fuji Photo*, 754 F.2d at 597. At trial, Oreck produced no evidence of actual confusion. It never attempted to prove that anyone anywhere in the distribution chain for either of the parties' products was misled by U.S. Floor's use of the name STEAMEX DELUXE 15 XL. It put on no evidence of misplaced phone calls, misdirected mail, or other indicia of actual confusion.

[20] In light of the concurrent use of the STEAMEX DELUXE 15 XL name and Oreck's XL mark for seventeen months, Oreck's inability to point to a single incident of actual confusion is highly significant. *Cf. Amstar*, 615 F.2d at 263 (where only three instances of actual confusion were found after nearly 15 years of concurrent sales, presumption was raised against likelihood of confusion in the future). Considering Oreck's weak showing on the other factors relevant to a likelihood of confusion, probably nothing short of a showing of actual confusion would be strong enough to swing the case in its favor. *Falcon Rice Mill v. Community Rice Mill*, 725 F.2d 336, 345 (5th Cir. 1984).

[21] 8. *Degree of Care Exercised by Potential Purchasers.* At trial, U.S. Floor's vice-president of sales testified that the ultimate purchasers of U.S. Floor products are building service contractors, professional carpet cleaning services, and building maintenance managers; in short, "people who are directly responsible for carpet care." Because these persons are buying for professional and institutional purposes at a cost in the thousands of dollars, they are vir-

tually certain to be informed, deliberative buyers. *Sun-Fun Products*, 656 F.2d at 191; *Armstrong Cork*, 597 F.2d at 504 n.10. The same is true for purchasers of Oreck's big ticket items. Though purchasers of Oreck's consumer models are likely to be less deliberative, they are unlikely to be exposed to or interested in the STEAMEX DELUXE 15 XL. This is not the sort of purchasing environment in which confusion flourishes.

Conclusion

[22] Though we are reluctant to disturb a jury verdict, we conclude that in this case the evidence fairly considered points to only one conclusion: a finding of no infringement. In making this determination, we give particular weight to the absence of any evidence of actual confusion, the weakness of the plaintiff's mark, and the lack of similarity between the marks when viewed in context. However, none of the factors relevant to a likelihood of confusion weigh in Oreck's favor. We also note that there was no evidence of damage to Oreck's reputation or unjust enrichment on the part of U.S. Floor. On such a record, we cannot permit a finding of infringement to stand.

Reversed.

APPENDIX B

IN THE

UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

No. 85-3297

ORECK CORPORATION,

Plaintiff-Appellee
Cross-Appellant,

versus

U.S. FLOOR SYSTEMS, INC.,

Defendant-Appellant
Cross-Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA

ON PETITION FOR REHEARING AND SUGGESTION FOR REHEARING EN BANC

(Opinion 10-24-86, 5 Cir., 198 , ——— F.2d ———)
(December 10, 1986)

Before GARWOOD and HILL, *Circuit Judges*, and WILL,* *Senior District Judge*

PER CURIAM:

(√) The Petition for Rehearing is DENIED and no member of this panel nor Judge in regular active service

* District Judge of the Northern District of Illinois, sitting by designation.

on the Court having requested that the Court be polled on rehearing en banc, (Federal Rules of Appellate Procedure and Local Rule 35) the Suggestion for Rehearing En Banc is DENIED.

( ) The Petition for Rehearing is DENIED and the Court having been polled at the request of one of the members of the Court and a majority of the Circuit Judges who are in regular active service not having voted in favor of it, (Federal Rules of Appellate Procedure and Local Rule 35) the Suggestion for Rehearing En Banc is also DENIED.

( ) A member of the Court in active service having requested a poll on the reconsideration of this cause en banc, and a majority of the judges in active service not having voted in favor of it, rehearing en banc is DENIED.

ENTERED FOR THE COURT

WILL GARWOOD

United States Circuit Judge

FILED
Dec. 10 1986
GILBERT F. GANUCHEAU
Clerk

APPENDIX C

Appeal No. 85-3297

ORECK CORPORATION,

Plaintiff-Appellee and Cross-Appellant,

v.

U.S. FLOOR SYSTEMS, INC.,

Defendant-Appellant.

AFFIDAVIT OF PAUL T. MEIKLEJOHN

State of New York)
) ss:
County of New York)

PAUL T. MEIKLEJOHN, being duly sworn, hereby states that:

1. I am a member of the firm of Hopgood, Calimafde, Kalil, Blaustein & Judlowe, 60 East 42nd Street, New York, New York 10165, which represents plaintiff-appellee and cross-appellant Oreck Corporation in the above-identified litigation. As such I am fully familiar with the facts which are set forth hereinbelow.

2. I was counsel for Oreck Corporation at the time that David Oreck became aware that Excelsior Craft Inc. (hereinafter "Excelsior") was using a mark confusingly similar to Oreck's XL marks on commercial floor care equipment. I believe that Mr. Oreck became aware of this infringing use of the XL mark for the first time after the trademark registration on the XL mark was granted. Mr. Oreck took the position that Excelsior's goods were the same for infringement purposes, as Oreck's goods, and that Oreck should require Excelsior to cease using its XL marks and cancel its XL registrations.

3. I then contacted counsel for Excelsior and told him of Oreck's requirements. While Excelsior's counsel initially took the position that the goods were different, he eventually conceded that they were the same and agreed that Excelsior would cease using the XL mark and cancel its registrations.

4. As far as I know, neither David Oreck nor anyone in the Oreck organization ever took the position, or agreed to allow counsel to take the position, that goods such as those on which Excelsior used its mark were in any way different, for trademark infringement purposes, from floor care equipment on which Oreck uses its XL marks.

5. The statement in this Court's October, 1986 Opinion to the effect that the mark XL is used on "cameras, computers, automobiles, audiotapes and chainsaws" (Opinion at 499) is wholly unsupported in the record. Neither party chose to present evidence of the use of the XL mark on goods other than floor care equipment. Oreck chose not to

present such evidence because it believed that such evidence would be confusing to the jury. I believe that Floor chose not to present such evidence because it knew that most, if not all, uses on other goods were uses of Oreck or Oreck's licensees.

6. The mark XL is in fact used on goods other than floor care equipment. Most, if not all, of these uses are either by Oreck Corporation or by its licensees.

7. Oreck, for example, has used the mark XL on a variety of goods other than floor care equipment. Such goods include washing machines, dryers, refrigerators, freezers, kitchen ranges, microwave ovens, phonographs, stereo amplifiers, magnetic tape players and magnetic tape recorders.

8. Oreck has federal trademark registrations for these uses, including Registration Nos. 1,020,368; 1,020,465; and 1,028,501.

9. Oreck has licensed the use of the mark XL to Hitachi Maxwell Ltd. as well as to Norwood Industries, Inc. for use of the mark on audiotapes. I negotiated these licenses on behalf of Oreck.

10. I understand that RCA's use of the mark XL (e.g., XL-100) is also by permission of Oreck.

11. I know of no use of the mark XL on chainsaws. Furthermore, Oreck has and is presently complaining to a certain computer manufacturer about the use of the mark XL in connection with computers. I know of no other in-

fringing or other use of the mark XL which would dilute the strength of Oreck's XL marks as used on its goods.

12. The alleged uses on cameras, computers, automobiles, audiotapes and chainsaws were not brought up by either party at the District Court level. Nor were they brought up by the District Court. The first time this fact was raised was by the Fifth Circuit in its Opinion.

13. These and other uses of the same trademark on a variety of goods by a single party or by its licensees does not weaken the mark. Indeed, such use actually strengthens the mark as shown, for example, by the strength of the mark DUPONT, which is used on a variety of products as well as the mark MCDONALDS for fast food services which is used by a variety of licensees.

/s/ PAUL T. MEIKLEJOHN

PAUL T. MEIKLEJOHN

Subscribed and sworn to before me, a Notary Public, this 23rd day of November, 1986.

/s/ MARY E. DASCHKE
Notary Public

MARY E. DASCHKE
Notary Public, State of New York
No. 4681476
Qualified in Westchester County
Commission Expires March 30, 1988

Supreme Court, U.S.
FILED
MAY 2 1987
JOSEPH F. SPANIOL, JR.
CLERK

No. 86-1555

In The
Supreme Court of the United States
October Term, 1986

ORECK CORPORATION,

Petitioner,

vs.

U. S. FLOOR SYSTEMS, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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TABLE OF CONTENTS

Pages

TABLE OF AUTHORITIES ii

STATEMENT OF FACTS 1

REASONS FOR DENYING THE WRIT 2

I. THE FIFTH CIRCUIT APPLIED THE PROPER STANDARD OF REVIEW 2

II. THE EVIDENCE PRESENTED, FAIRLY CONSIDERED, POINTS TO ONLY ONE CONCLUSION—NO INFRINGEMENT 3

III. THERE ARE NO IMPORTANT QUESTIONS OF FEDERAL LAW OR CONFLICTS BETWEEN FEDERAL COURTS OF APPEALS 5

CONCLUSION 8

TABLE OF AUTHORITIES

Pages

CASES:

Abrams vs. United States, 250 U.S. 616, 619 (1919) 2

Affiliated Hospital Products, Inc. vs. Merdel Game Manufacturing Company, 513 F.2d 1183 (2nd Cir. 1975) 7

AMF, Inc. vs. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979) 7

Amstar Corp. vs. Domino's Pizza, Inc., 615 F.2d 252 (5th Cir. 1980) reh'g denied 617 F.2d 295, cert. denied 449 U.S. 899 7

Conan Properties, Inc. vs. Conan's Pizza, Inc., 752 F.2d 145, 149 (5th Cir. 1985) 2

Industrial Nucleonics Corp. vs. Hinde, 475 F.2d 1197, 1199 (CCPA 1973) 6

Interstate Brands vs. Celestial Seasonings, Inc., 576 F.2d 926, 927 (CCPA 1978) 6

Mortensen vs. United States, 322 U.S. 369, 374 (1945) 2

Neil Ceramics and Glass, Inc. vs. Dash, 618 F.Supp. 700 (D.N.J. 1985) 6

New England Fish Company vs. Hervin Company, 511 F.2d 562 (CCPA 1975) 7

R. G. Berry vs. A. Sandler Company, 406 F.2d 1114 (1st Cir. 1969) 7

Rockwood Chocolate Company, Inc. vs. Hoffman Candy Company, 372 F.2d 552 (CCPA 1967) 7

STATUTES:

15 U.S.C. 1114(1) 6

15 U.S.C. 1115(b) 5, 6

TABLE OF AUTHORITIES—Continued

Pages

OTHER AUTHORITIES:

McCarthy, Trademarks and Unfair Competition, § 32.44(d) (2d Ed. 1984 and Supp. 1986) 6

McCarthy, Trademarks and Unfair Competition, § 23.15 (2d Ed. 1984 and Supp. 1986) 6, 7

STATEMENT OF FACTS

U. S. Floor manufactures a line of carpet extraction machines under the federally registered trademark "STEAMEX." Each machine is identified by a model designation indicating the series (e.g. "PRO" or "DELUXE") and capacity (e.g. 10 for 10 gallons) of the machine. In 1982, U. S. Floor introduced an upgraded model of its STEAMEX DELUXE 15 machine. It included an extra blower and high pressure pump. The suffix XL was arbitrarily selected to distinguish this upgraded model from the pre-existing STEAMEX DELUXE 15.

One year after introducing the STEAMEX DELUXE 15 XL, U. S. Floor received a letter from Oreck charging infringement. Counsel for U. S. Floor reviewed this charge, and determined that there was no infringement, in part because DELUXE 15 XL was simply a model designation for one of some 20 different machines produced by U. S. Floor.

U. S. Floor decided not to become involved in needless, time consuming and expensive litigation, especially over a relatively unimportant model designation. Accordingly U. S. Floor agreed to phase out its use of STEAMEX DELUXE 15 XL. U. S. Floor Systems offered to change the model designation to DELUXE XLS. This offer was rejected by Oreck. Subsequently, the designation was changed to DELUXE 15 X2. This change was effective April 15, 1984, prior to the institution of this action.

Nevertheless, Oreck instituted this suit on May 9, 1984, and has vigorously pursued a substantial monetary award

even though U. S. Floor has discontinued use of the offending model designation and never realized any profit therefrom.

———o———

REASONS FOR DENYING THE WRIT

I.

THE FIFTH CIRCUIT APPLIED THE PROPER STANDARD OF REVIEW

In its opinion (A.10a)[1], the Fifth Circuit set forth the standard of review:

> "The next question is whether the jury verdict is supported by the evidence. The verdict must be upheld 'unless the facts and inferences point so strongly and overwhelmingly in favor of one party that reasonable persons could not arrive at a contrary verdict.' *Conan Properties, Inc. vs. Conan's Pizza, Inc.,* 752 F.2d 145, 149 (5th Cir. 1985). In other words, we must determine 'whether the jury had before it any competent and substantial evidence that fairly supports the verdict.' " (Citation omitted).

The standard of review applied by the Fifth Circuit is precisely the same standard set forth by this Court. *Abrams vs. United States,* 250 U.S. 616, 619 (1919); *Mortensen vs. United States,* 322 U.S. 369, 374 (1945). To no avail, therefore, are Petitioner's contentions that the Fifth Circuit failed to apply an appropriate standard of review.

---

[1] References are to Appendix accompanying Petitioner's brief.

II.

THE EVIDENCE PRESENTED, FAIRLY CONSIDERED, POINTS TO ONLY ONE CONCLUSION— NO INFRINGEMENT

The Fifth Circuit applied the same test for determining likelihood of confusion which is universally applied in other cases by other courts of appeals:

> "The question of likelihood of confusion is decided by considering a variety of factors including:
>
> (1) strength of the plaintiff's mark; (2) similarity of the design between the marks; (3) similarity of the product; (4) identity of retail outlets and purchasers; (5) similarity of advertising media used; (6) the defendant's intent; (7) actual confusion; and (8) degree of care exercised by potential purchasers."
> (A. 11a)

Each of these eight factors were deemed relevant to the assessment of the likelihood of confusion by the Fifth Circuit. In a detailed opinion the court held:

1. The mark XL is not arbitrary or fanciful. Spoken, XL is a homonym for "excel," connoting excellence. Oreck regularly advertised its mark in connection with the words "extended life," descriptive language that diluted the distinctiveness of the mark. (A. 11a)

2. Unlike Oreck, which frequently advertised the mark standing alone, U. S. Floor invariably used it in connection with the full name of the product, STEAMEX DELUXE 15 XL. In its advertisements, the word STEAMEX is in larger print than XL and is unquestionably the attention getting feature. Further, the advertisements clearly in-

dicate that U. S. Floor is the maker of the product. Thus, when viewed in proper context, STEAMEX DELUXE 15 XL has only a slight similarity to Oreck's trademark.

3. Oreck does not produce any machines which are functionally equivalent to U. S. Floor's carpet extraction machines. Oreck recognized the functional dissimilarities between its product and extraction machines in a 1975 letter to the United States Patent and Trademark Office. Oreck's counsel argued that Oreck's electric carpet shampooers were "wholly unrelated" to the carpet extraction machines which were the subject of a previous registration; that its electric shampooers moved through different channels of trade and were sold to a different class of purchasers from those to whom carpet extraction machines are sold. (A. 13a, 14a)

4. U. S. Floor's carpet extraction machines are sold almost exclusively to professional contractors who come into homes or commercial establishments and clean rugs for a fee. Oreck's vacuums and electric carpet shampooers, on the other hand, are sold primarily to individuals and commercial establishments that clean their own rugs. (A. 14a)

5. The record does not support the finding of intent to deceive. U. S. Floor arbitrarily selected the XL suffix when it upgraded its existing STEAMEX DELUXE 15 carpet extraction machine to distinguish the upgraded model from the existing model. In its advertising, U. S. Floor prominently displayed its own federally registered trademark STEAMEX and clearly identified itself as the maker of its carpet extraction machines. When faced with Oreck's charges of infringement, U. S. Floor took imme-

diate steps to phase out use of the designation Deluxe 15 XL, and did in fact completely cease use of that designation by May 1, 1984, prior to the institution of the present suit. These are not the actions of an intentional infringer. (A. 15a, 16a)

6. There was no evidence that anyone in the distribution chain for either of the parties' products was misled by U. S. Floor's use of the name STEAMEX DELUXE 15 XL. In view of the concurrent use of the STEAMEX DELUXE 15 XL name and Oreck's XL mark for 17 months, Oreck's inability to point to a single incident of actual confusion is highly significant. (A. 16a)

7. The persons who purchase U. S. Floor's carpet extraction machines are buying for professional and institutional purposes at a cost in the thousands of dollars. Thus, they are virtually certain to be informed, deliberative buyers. This is not the sort of purchasing environment in which confusion flourishes. (A. 16a, 17a)

In view of the Fifth Circuit's extensive analysis of each of the relevant factual determinations, it is specious to state that the Fifth Circuit failed to consider all the evidence.

III.

THERE ARE NO IMPORTANT QUESTIONS OF FEDERAL LAW OR CONFLICTS BETWEEN FEDERAL COURTS OF APPEALS

Oreck labors to show that some important questions of federal law exist. There are none.

Section 33(b) (15 U.S.C. 1115(b)) of the Lanham Act, which provides that an incontestable registration shall be

conclusive evidence of the registrant's exclusive right to use the registered mark in commerce, does not itself create a cause of action. *Neil Ceramics and Glass, Inc. vs. Dash,* 618 F.Supp. 700 (D.N.J. 1985). Professor McCarthy's observations on this point are pertinent:

> "while incontestability grants a conclusive presumption of the exclusive right to use the registered mark, this does not relieve the registrant of proving likelihood of confusion. That is, incontestability relates to the validity of the mark and does not eliminate the necessity of proving infringement."

McCarthy, Trademarks and Unfair Competition, § 32.44(d) (2d Ed. 1984 and Supp. 1986)

In proving likelihood of confusion, a plaintiff is not aided by any presumption that confusion is automatically likely if a junior user has a mark which contains in part the whole of another's mark. See McCarthy, *supra,* § 23.15 (a), at 82. Since Oreck failed to prove likelihood of confusion by competent and substantial evidence, the decision of the Fifth Circuit is consistent with both 15 USC 1115(b) and 15 USC 1114(1).

The purported conflicts between the decisions of the Fifth Circuit and other Federal Courts of Appeal also evaporate under scrutiny. In no area of the law may it be more accurately stated that "[e]ach case must be decided on its own facts and the differences are often subtle ones." *Industrial Nucleonics Corp. vs. Hinde,* 475 F.2d 1197, 1199 (CCPA 1973); *Accord, Interstate Brands vs. Celestial Seasonings, Inc.,* 576 F.2d 926, 927 (CCPA 1978).

While there are decisions which have held that the addition of a housemark to one of two otherwise similar

marks may not be of itself sufficient to avoid a likelihood of confusion, there is no flat rule that the presence of a housemark will never prevent a likelihood of confusion. McCarthy, *supra*, § 23.15(b), at 82. Each case requires consideration of the effect of the entire mark including any term in addition to that which closely resembles the opposing mark. *Rockwood Chocolate Company, Inc. vs. Hoffman Candy Company*, 372 F.2d 552 (CCPA 1967). In accordance with this reasoning, the Court of Customs and Patent Appeals as well as other Federal Courts of Appeal have held that where there are some recognizable differences in the asserted conflicting portions of the marks or where the asserted common portions of the marks are suggestive or play upon commonly used or registered designations, the inclusion of a housemark is sufficient to avoid a likelihood of confusion. See, *Rockwood*, supra; *New England Fish Company vs. Hervin Company*, 511 F. 2d 562 (CCPA 1975); *AMF, Inc. vs. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979); *R. G. Berry vs. A. Sandler Company*, 406 F.2d 1114 (1st Cir. 1969). The facts of the instant case fall well within one or both of these recognized principles.

Similarly, while actual confusion is not necessary to a finding of likelihood of confusion, the absence of actual confusion may have significant probative value where there has been a long period of concurrent use of the marks. *Amstar Corp. vs. Domino's Pizza, Inc.*, 615 F.2d 252 (5th Cir. 1980) *reh'g denied* 617 F.2d 295, *cert. denied* 449 U.S. 899; *Affiliated Hospital Products, Inc. vs. Merdel Game Manufacturing Company*, 513 F.2d 1183 (2nd Cir. 1975). The Court's statement that "nothing short of a showing of actual confusion would be strong enough to swing the

case in its favor" is an assessment of the strength of Oreck's case on other relevant factors—not a new rule of law. Oreck's contention that the Fifth Circuit required actual confusion is belied by the Fifth Circuit's express statement that "actual confusion is not necessary to a finding of likelihood of confusion." (A. 16a)

CONCLUSION

The Fifth Circuit applied the proper standard of review. Moreover, the decision below does not introduce a conflict between circuits or an important question of federal law which should be resolved by this Court. Respondent requests that the Petition For A Writ of Certiorari be denied.

Respectfully submitted,

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